

## What You Need to Know Now About Receiving a Grant

### **What paperwork will I need to submit if I receive a grant from KFW?**

Upon receiving a grant, successful applicants will be asked to complete and return a *Grant Acceptance Agreement*, a *Media Release Consent* form, indicating media preferences, and a *W-9 form*, as **grant awards are taxable** (see below).

Grantees are also asked to complete and return a ***Final Report*** to KFW one year after receipt of funding. Because KFW is interested in learning about grantees' experience with the funding process, and learning about the impact feminist social change artists are making in our state, the Final Report is an important part of KFW's grantmaking process. If you have received a previous grant from KFW, please make sure your Final Report is on file. In addition, KFW staff has found it helpful for both our grantees and for the foundation to have a **midpoint check-in** with grantees. Grant recipients are asked to check in with KFW staff by phone or email midway through the grant period.

### **If I am awarded partial funding, can I choose how to spend the money, or is it designated?**

The reviewers may recommend ways to use the partial funding. You can take the reviewers' suggestions into consideration, but the final decision about how best to use the grant funds is up to you. When you submit your grant acceptance agreement, KFW asks you to include a set of revised goals and objectives to reflect the funding amount.

### **When will the funds be available?**

For AMA grants, no later than June 30th. For AE grants, no later than December 30th.

### **Are KFW grantees required to report funding received from KFW on their income tax?**

Yes. KFW is a private foundation, which awards funding to people and projects that support its mission. Funding is not based on financial need, and KFW does not fund scholarships or prizes. According to IRS tax law, since KFW grants are not a special type of prize or award and are not a qualifying scholarship or fellowship, the recipient is required to include the gross income funds received from a foundation.

### **Does KFW withhold taxes on grant awards or taxable income?**

KFW does not withhold taxes from grant awards or other taxable income, but is required to report all grant awards as "other income" to the IRS on the form 1099-MISC. Grant recipients will be asked to complete a W-9 IRS Form. Grant recipients are responsible for including information concerning these funds on their personal income tax statement. If you have questions about how this will affect your personal taxes or your income-based or disability benefits, please seek advice from a tax expert.

**Is KFW required to report funds it has paid to individuals and organizations?**

KFW is required to report all funds it has awarded or paid individuals and organizations that equal or exceed \$600.00 (total).

**When can I expect to receive my 1099 forms?**

KFW is required by law to mail 1099 forms to persons receiving \$600.00 or more by January 31.

**Why is the amount of the KFW funds recorded in section (3) on the 1099's instead of section (7)?**

Section (3) is set aside for 'other income', taxable by federal, state and local governments. Section (7) is intended to record payment to private contractors for goods and services and is taxable by federal, state, and local governments plus social security and Medicare.

**Can I use a fiscal sponsor so I don't have to be responsible for the income tax on my grant award?**

While fiscal sponsorship is an option for grantees, and some arts organizations provide that service, it is a much more complex relationship than simply being a pass-through organization for the grant money. In fact, this kind of conduit relationship is illegal.

On the other hand, fiscal sponsorship can be a great option for certain projects, if it is done right. When there is a fiscal sponsor, that organization becomes the legal grantee for KFW, and is the grantee of record. The fiscal sponsor has independent discretion and control over the grant funds, with an agreement to help the project come to fruition and fulfill the terms of the original grant proposal. When using a fiscal sponsor, it is important that you are using other services beyond the sponsor's tax-exempt status, such as space, wholesale purchasing, opportunities for outreach, marketing and publicity, financial services, etc. There is also usually a fee associated with a fiscal sponsorship relationship.

Fiscal Sponsorship is a growing field, with new guidelines and ethics being developed. If you are considering pursuing fiscal sponsorship, or if you want more information about fiscal sponsorship, please see the National Network of Fiscal Sponsors' guidelines for best practices at [www.tidescenter.org/nnfs](http://www.tidescenter.org/nnfs) and see the *Guidelines for Pre-Approved Grant Relationship Fiscal Sponsorship*, or call the KFW office.